

AGENDA



Thursday, May 27, 2010

**Austin Water Utility
RECOMMENDATION FOR COUNCIL ACTION****Item No. 5**

Subject: Approve an ordinance amending the Fiscal Year 2009-2010 Austin Water Utility Capital Budget of Ordinance No. 20090914-003 to appropriate \$2,000,000 for Whisper Valley and Indian Hills water improvements.

Amount and Source of Funding: Funding in the amount of \$2,000,000 is available from a Reimbursement Resolution.

Fiscal Note: A fiscal note is attached.

For More Information: Greg Meszaros, 972-0108; Ed Van Eenoo, 974-2610; Denise Avery, 972-0104

Boards and Commission Action: Recommended by the Water and Wastewater Commission. Related to Item #6.

Prior Council Action: September 14, 2009 – Council approved the City's official intent to reimburse itself from the proceeds of tax-exempt obligations to be issued through October 2010 for acquisition and construction costs in an aggregate maximum principal amount of \$250,000,000 related to Fiscal Year 2009-2010 Austin Water Utility Capital Improvement Projects.

This amendment is necessary to increase the Capital Budget appropriation of the Austin Water Utility and provide funding for expenditures related to Whisper Valley and Indian Hills water improvements. As is the practice of the Austin Water Utility, these expenditures will be initially funded through the issuance of Commercial Paper and then refinanced with Utility Revenue Bonds at a later date.

The developer of the Whisper Valley and Indian Hills properties plans to construct single-family, multi-family, and commercial development that will require an estimated 9,900 units of water service. Whisper Valley is located in Manville Water Supply Corporation's (Manville) certificated water service area while Indian Hills is located in the City's service area. At the developer's request, Manville has agreed to release Whisper Valley from Manville's certificate of convenience and necessity, for a one-time fee for the City to provide retail water service as part of public improvement districts (PIDs) that will be proposed to Council later this fall.

This budget amendment additionally will fund a cost reimbursement agreement with the developer for the design of necessary water infrastructure that will also provide water service to existing undeveloped City service area. The total amount of City reimbursement to the developer shall not exceed \$2,000,000. The City will be repaid the certificate of convenience and necessity release fee by the developer if Council decides not to approve the formation of the PIDs. If Council decides in the future to approve the formation of the PIDs, the City will be fully repaid by the PIDs the design costs and the certificate of convenience and necessity release fee that the City has paid to the developer.